GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2912
ANSWERED ON:02.08.2002
IMPACT OF GLOBALISATION
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Will the Minister of FINANCE be pleased to state:

(a)Whether there is an adverse impact of globalisation on industrial and agricultural development; and

(b) if so, the details thereof and the steps taken so far to resist this impact?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANANT G. GEETE)

(a) The following table gives the average sectoral real growth rates in Gross Domestic Product (at factor cost) for the periods 1980-81 to 1991-92 and 1992-93 to 2001-02:

Average sectoral real growth rates
(in per cent) at 1993-94 prices

Sectors	1980-81 to 1991-92	1992-93 to 2001-02
1. Agriculture and Allied	3.9	3.4
2. Industry	6.3	6.0
3. Services	6.4	7.7

As can be seen from the above table, there had been marginal Decline in average growth rates of agriculture & allied sectors and industry in the post-economic reforms period during 1992-93 to 2001-02. However, the services sector has grown at significantly higher rates during the post reforms period. The decline in agricultural growth was attributable to irregular monsoons particularly during the later part of the 1990s. Overall industrial growth also declined due to relatively poor performance by industry in later part of the 1990s. This was attributable to various structural and cyclical factors like normal business and investment cycles, lack of domestic and external demand, high real interest rates, infrastructure constraints etc. The Indian economy was also affected by external shocks (such as the East Asian crisis of 1998-99, oil prices hike of 2000-01 and the recent global economic slowdown) and domestic disturbances (such as adverse security environment and natural disasters like the Orissa Cyclone and the Gujarat Earthquake).

(b) Government has taken several steps for promoting agricultural and industrial growth. These include; enhancing public outlay in agriculture, liberalisation of policies in trade, industry infrastructure and financial sectors rationalisation of the direct and indirect tax regimes, reduction of interest rates and other complementgary macroeconomic policies for promoting sustainable economic growth.